

Message Text

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ACTION EUR-12

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TAGS: AORG, OECD, NATO

SUBJECT: 158TH MEETING COORDINATING COMMITTEE OF GOVERNMENT
BUDGET EXPERTS

REF: (A) CCG(75)14, AUGUST 6, 1975 (B) STATE 32674 (C)
USNATO 843

SUMMARY: CCG CONTINUES WORK ON SALARY ADJUSTMENT PROCEDURE.
GUIDANCE REQUESTED PARA 10. END SUMMARY.

1. CCG MEETING PARIS FEBRUARY 11-12 GENERALLY AGREED NEW SALARY
ADJUSTMENT PROCEDURE SHOULD CONSIST OF ANNUAL GENERAL REVIEW
EFFECTIVE JULY 1, WITH INTERIM ADJUSTMENT EFFECTIVE
EVERY JANUARY 1. PERIOD FOR NEW PROCEDURE TO BE IN EFFECT
IS TO BE DETERMINED (E. G., 1, 2, OR 3 YEARS).

2. PRESENTED SYG REPS WITH UNIFIED VIEW FAVORING PROCEDURE HAVING
JULY 1 ADJUSTMENT BASED ON "PARALLELISM," I.E., WITH PERCENTAGE
INCREASE THE SAME FOR INTERNATIONAL STAFF (IS) AS FOR NATIONAL
CIVIL SERVANTS (CS) BASED ON AVERAGE INCREASE OVER PERIOD SINCE
UNCLASSIFIED

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PREVIOUS JULY 1, FOLLOWING WEIGHTING FORMULA BY COUNTRIES
WHICH HAS NOT YET BEEN DETERMINED. BELGIAN REP PROPOSED THAT
JANUARY ADJUSTMENTS SHOULD BE CONSIDERED AN ADVANCE ON JULY
REVIEW, AND BE BASED ON SOMETHING LESS THAN FULL COL INDEX

CHANGE (E.G., 70PCT). MOST DELS FELT IT IMPORTANT THAT NEW PROCEDURE SHOULD DEMONSTRATE BREAK WITH TRADITION OF AUTOMATIC FULL ADJUSTMENTS AS WELL AS AVOID TO EXTENT POSSIBLE ANY RISK OF EXCESSIVE INTERIM ADJUSTMENTS WHICH MIGHT CALL FOR POLITICALLY OBJECTIONAL BE SALARY REDUCTIONS EFFECTIVE JULY 1 TO ADHERE TO PARALLELISM PRINCIPLE.

3. SYG REP (WOOTTON) MAINTAINED STRONG POSITION INSISTING THAT NEW PROCEDURE SHOULD PROVIDE TWO FULL COL ADJUSTMENTS EACH YEAR EFFECTIVE JANUARY 1 AND JULY 1, WITH JULY 1 ADJUSTMENT TO BE SUBJECT TO A SEPARATELY STATED STANDARD-OF-LIVING (SOL) MODIFICATION - EITHER POSITIVE OR NEGATIVE - TO BE AGREED UPON FOLLOWING THE PRINCIPLE OF PARALLELISM (WHICH WOULD REQUIRE SATISFACTORY, PRECISE DEFINITION); HE ALSO WANTED CONSIDERATION GIVEN TO OTHER FACTORS SUCH AS EC SCALES AND RECRUITMENT NEEDS IF WARRANTED. WOOTTON ACKNOWLEDGE THAT GAP BETWEEN IS AND CIVIL SERVICE SALARIES HAS BEEN WIDENING IN RECENT YEARS (PARA 8, REF B), BUT, BECAUSE FIGURES IN WP REPORT (CCG/W(75)67) SHOW THAT CS SALARIES IN GENERAL HAVE BEEN GROWING FASTER THAN INFLATION, HE ASSERTED THAT NO ABATEMENT OF COL ADJUSTMENT IS CALLED FOR, EVEN TO MAINTAIN PARALLELISM.

4. DELS REPORTED RECENT OR ANTICIPATED WAGE FREEZES OR PARTIAL WAGE FREEZES IN UK, NETHERLANDS, GERMANY, ITALY, AND BELGIUM, AND THEREFORE FELT INTERIM JANUARY ADJUSTMENT BASED ON SOMETHING LESS THAN FULL COL INCREASE WOULD BE APPROPRIATE AS AN ADVANCE. ARGUMENT OF FISCAL DRAG IS NO LONGER POPULAR SINCE NOT FULLY SUPPORTED BY WP REPORT; INSTEAD, DELS ARE SEEKING TO PREVENT FURTHER WIDENING OF GAP IT SELF REGARDLESS OF ITS CAUSE.

5. MAIN CONCERN OF DELEGATIONS WAS THAT INTERIM JANUARY ADJUSTMENTS SHOULD NOT ENTER INTO THE BASE FROM WHICH FURTHER INCREASES ARE CALCULATED, BUT SHOULD BE JUSTIFIED IN THE JULY REVIEW; HENCE THE INSISTENCE ON THE TERM "AN ADVANCE." AT THE SAME TIME, DELS FELT IT WOULD BE POLITICALLY AND PSYCHOLOGICALLY UNWISE TO AGREE TO A PROCEDURE WHICH MIGHT CALL FOR A SEPARATELY STATED STANDARD-OF-LIVING DECREASE, UNCLASSIFIED

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I.E., A REDUCTION OF SALARIES IN REAL TERMS. IN OTHER WORDS, DELS WOULD RATHER NEGOTIATE JULY SALARY INCREASE THAN NEGOTIATE A DECREASE FROM AUTOMATIC COL ADJUSTMENT.

6. CANADIAN REP PROPOSED THAT FOR JANUARY 1 THE ADJUSTMENT SHOULD BE LESS THAN THE FULL COL INCREASE, FOLLOWING A FORMULA OF REDUCTIONS, OR "ABATEMENTS", OF 20 PER CENT, 10 PER CENT, 5 PER CENT, AND 0 PER CENT, DEPENDING ON GRADE. THIS IS SIMILAR TO BUT LESS SEVERE THAN FORMULA MENTIONED IN 123RD REPORT, BUT SYG REPS ADAMANTLY OPPOSED ANY ABATEMENT.

7. US REP SUGGESTED THAT WITH FULL ANNUAL REVIEW, INTERIM ADJUSTMENT MIGHT BE UNNECESSARY, BUT GOT NO SUPPORT AND FRECH

REP IN PARTICULAR STRONGLY DISAGREED.

8. FRENCH REP SUGGESTED THAT IF SATISFACTORY SOLUTION IS NOT REACHED AT NEXT MEETING MARCH 2-3, AND AD HOC INTERIM ADJUSTMENT SHOULD BE MADE FOR JANUARY 1 AS AN ADVANCE ON A JULY 1 ADJUSTMENT FOLLOWING THE OUTLINE OF PARA 14 OF THE 123RD REPORT (REF A), AND A WP SHOULD PREPARE DEFINITION AND EXAMINE IMPLICATIONS OF PRINCIPLE OF "PARALLELISM" AS THE BASIC ELEMENT OF FUTURE ADJUSTMENT PROCEDURE. SYG REPS CONTINUED TO OPPOSE ANY ABATEMENT BUT OTHERWISE AGREED.

9. US REP SAID HE COULD NOT YET COMMIT US TO PARALLELISM AS IT MIGHT BE DESIRABLE TO TRY TO REDUCE THE GAP. ABSENT SWISS REP SENT LETTER ALSO HOPING THAT GAP MIGHT BE CLOSED SOMEWHAT. OTHER DELS FELT THE BEST WE COULD HOPE FOR WOULD BE NO FURTHER WIDENING OF GAP, AT LEAST FOR THE TIME BEING.

10. REQUEST AUTHORIZATION AT MARCH 2-3 MEETING IN PARIS TO SUPPORT PRINCIPLE OF PARALLELISM AS BASIS FOR ANNUAL ADJUSTMENT PROCEDURE, FOR UP TO THE NEXT THREE YEARS; ALSO AUTHORIZATION TO AGREE TO JANUARY 1976 INTERIM ADJUSTMENT OF UP TO FULL COL INCREASE, TREATING THIS AS ADVANCE ON JULY 1976 REVIEW AND NOTING FACT THIS PROBABLY ABOUT HALF THE ANNUAL RATE OF INFLATION AS DEPARTMENT NOTED (PARA 7, REF B).

11. ON OTHER MATTERS, THE UK REP RECOMMENDED THAT APPROPRIATE STUDY GROUPS BE SET UP ORMPPLY IN ACCORDANCE WITH PARA 15 (III) OF THE 123RD REPORT (REF A), SHOWING PARTICULAR INTEREST UNCLASSIFIED

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IN THE NEED FOR A FULL REVIEW OF ALLOWANCES. FYI: QUESTION OF ALLOWANCES WAS TOUCHED ON BY COMMITTEE AS RESULT OF CONCERN OVER THE FACT THAT REGULATIONS PERMIT PAYMENT OF EXPATRIATION ALLOWANCES TO PERSONS SERVING IN A FOREIGN COUNTRY EVNE THOUGH THEY DAILY COMMUTE ACROSS INTERNATIONAL BORDER TO THEIR HOMES.

12. SEPTTEL FOLLOWS, RELATING THESE PROCEEDINGS AND PERMREPS LUNCHEON DISCUSSION ON SALARY MATTER FEB 17. (REF C). STREATOR

UNCLASSIFIED

<< END OF DOCUMENT >>

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